

2. Any person who violates section 455D.10A, 455D.11, 455D.11A, 455D.11B, 455D.11I, or 455D.19, or any order or permit issued or rule adopted pursuant to section 455D.6, subsection 6, section 455D.10A, 455D.11, 455D.11A, 455D.11B, 455D.11I, or 455D.19, shall be subject to a civil penalty, not to exceed ten thousand dollars for each day of such violation.

Approved May 11, 2007

CHAPTER 152

INSURANCE REGULATION

S.F. 518

AN ACT reorganizing Code chapter provisions relating to the authority to engage in the business of insurance other than life insurance by transferring provisions, eliminating outdated provisions, and amending corresponding provisions, as necessary.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I

TRANSFERS

Section 1. Section 515.6, Code 2007, is transferred to section 515.100.

Sec. 2. Section 515.25, Code 2007, is transferred to section 515.10.

Sec. 3. Section 515.65, Code 2007, is transferred to section 515.146.

Sec. 4. Section 515.73, Code 2007, is transferred to section 515.76.

Sec. 5. Section 515.74, Code 2007, is transferred to section 515.77.

Sec. 6. Section 515.75, Code 2007, is transferred to section 515.73.

Sec. 7. Section 515.76, Code 2007, is transferred to section 515.74.

Sec. 8. Section 515.77, Code 2007, is transferred to section 515.75.

Sec. 9. Section 515.80, Code 2007, is transferred to section 515.125.

Sec. 10. Section 515.81, Code 2007, is transferred to section 515.126.

Sec. 11. Section 515.81A, Code 2007, is transferred to section 515.127.

Sec. 12. Section 515.81B, Code 2007, is transferred to section 515.128.

Sec. 13. Section 515.81C, Code 2007, is transferred to section 515.129.

Sec. 14. Section 515.82, Code 2007, is transferred to section 515.130.

Sec. 15. Section 515.83, Code 2007, is transferred to section 515.131.

- Sec. 16. Section 515.84, Code 2007, is transferred to section 515.132.
- Sec. 17. Section 515.88, Code 2007, is transferred to section 515.142.
- Sec. 18. Section 515.89, Code 2007, is transferred to section 515.143.
- Sec. 19. Section 515.90, Code 2007, is transferred to section 515.144.
- Sec. 20. Section 515.94, Code 2007, is transferred to section 515.133.
- Sec. 21. Section 515.95, Code 2007, is transferred to section 515.134.
- Sec. 22. Section 515.96, Code 2007, is transferred to section 515.135.
- Sec. 23. Section 515.97, Code 2007, is transferred to section 515.136.
- Sec. 24. Section 515.98, Code 2007, is transferred to section 515.137.
- Sec. 25. Section 515.99, Code 2007, is transferred to section 515.78.
- Sec. 26. Section 515.100, Code 2007, is transferred to section 515.138.
- Sec. 27. Section 515.108, Code 2007, is transferred to section 515.110.
- Sec. 28. Section 515.109A, Code 2007, is transferred to section 515.103.
- Sec. 29. Section 515.111, Code 2007, is transferred to section 515.104.
- Sec. 30. Section 515.119, Code 2007, is transferred to section 515.149.
- Sec. 31. Section 515.120, Code 2007, is transferred to section 515.150.
- Sec. 32. Section 515.121, Code 2007, is transferred to section 515.151.
- Sec. 33. Section 515.125, Code 2007, is transferred to section 515.105.
- Sec. 34. Section 515.125A, Code 2007, is transferred to section 515.106.
- Sec. 35. Section 515.127, Code 2007, is transferred to section 515.107.
- Sec. 36. Section 515.128, Code 2007, is transferred to section 515.147.
- Sec. 37. Section 515.129, Code 2007, is transferred to section 515.148.
- Sec. 38. Section 515.131, Code 2007, is transferred to section 515.140.
- Sec. 39. Section 515.133, Code 2007, is transferred to section 515.141.
- Sec. 40. Section 515.134, Code 2007, is transferred to section 515.145.
- Sec. 41. Section 515.135, Code 2007, is transferred to section 515.152.
- Sec. 42. Section 515.136, Code 2007, is transferred to section 515.153.
- Sec. 43. Section 515.137, Code 2007, is transferred to section 515.108.
- Sec. 44. Section 515.138, Code 2007, is transferred to section 515.109.
- Sec. 45. Section 515.139, Code 2007, is transferred to section 515.111.

- Sec. 46. Section 515.140, Code 2007, is transferred to section 515.112.
- Sec. 47. Section 515.141, Code 2007, is transferred to section 515.113.
- Sec. 48. Section 515.147, Code 2007, is transferred to section 515.120.
- Sec. 49. Section 515.147A, Code 2007, is transferred to section 515.121.
- Sec. 50. Section 515.150, Code 2007, is transferred to section 515.139.

DIVISION II
AMENDMENTS

Sec. 51. Section 331.756, subsection 70, Code 2007, is amended to read as follows:

70. Institute legal proceedings against violations of insurance laws as provided in ~~sections~~ section 511.7 and 515.93.

Sec. 52. Section 507A.4, subsection 1, Code 2007, is amended to read as follows:

1. The lawful transaction of surplus lines insurance as permitted by sections ~~515.147 to 515.149~~ 515.120 through 515.122.

Sec. 53. Section 507B.4, subsection 2, Code 2007, is amended to read as follows:

2. FALSE INFORMATION AND ADVERTISING ~~GENERALLY.~~

a. ~~GENERALLY.~~ Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public in a newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio or television station, or in any other way, an advertisement, announcement, or statement containing any assertion, representation, or statement with respect to the business of insurance or with respect to any person in the conduct of the person's insurance business, which is untrue, deceptive, or misleading.

b. ~~FALSE STATEMENT OF ASSETS. In the case of a company transacting the business of fire insurance within the state, stating or representing by advertisement in any newspaper, magazine, or periodical, or by any sign, circular, card, policy of insurance, or renewal certificate thereof or otherwise, that any funds or assets are in its possession and held available for the protection of holders of its policies unless so held, except the policy of insurance or certificate of renewal thereof may state, as a single item, the amount of capital set forth in the charter, or articles of incorporation, or association, or deed of settlement under which it is authorized to transact business.~~

c. ~~STATEMENT OF CAPITAL AND SURPLUS. In the case of a foreign company transacting the business of casualty insurance in the state, or an officer, producer, or representative of such a company, issuing or publishing an advertisement, public announcement, sign, circular, or card that purports to disclose the company's financial standing and fails to exhibit: the capital actually paid in cash, and the amount of net surplus of assets over all the company's liabilities actually held and available for the payment of losses by fire and for the protection of holders of fire policies; and the amount of net surplus of assets over all liabilities in the United States actually available for the payment of losses by fire and held in the United States for the protection of holders of fire policies in the United States, including in such liabilities the fund reserved for reinsurance of outstanding risks. The amounts stated for capital and net surplus shall correspond with the latest verified statement made by the company or association to the commissioner of insurance. Such a company shall not write, place, or cause to be written or placed, a policy or contract for insurance on property situated or located in this state except through a licensed producer authorized to do business in this state.~~

Sec. 54. Section 507B.4, subsection 8, Code 2007, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. Paying, allowing, or giving, or offering to pay, allow, or give, direct-

ly or indirectly, as an inducement to purchase or acquire insurance other than life insurance, life annuity, or accident and health insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue on the policy, or any valuable consideration or inducement, not specified in the policy, except to the extent provided for in an applicable filing. An insured named in a policy, or an employee of the insured, shall not knowingly receive or accept, directly or indirectly, any rebate, discount, abatement, credit, or reduction of premium, or any such special favor or advantage or valuable consideration or inducement.

This paragraph “c” shall not be construed to prohibit the payment of commissions or other compensation to duly licensed producers, or to prohibit any insurer from allowing or returning to its participating policyholders, members, or subscribers, dividends, savings, or unabsorbed premium deposits. As used in this paragraph “c”, “insurance” includes suretyship and “policy” includes bond.

Sec. 55. Section 509B.5, subsection 1, Code 2007, is amended to read as follows:

1. Employers or group policyholders shall notify all employees or members of their continuation rights within ten days of termination of employment or membership. The notice shall be in writing and delivered in person or mailed to the person’s last known address. However, continuation rights shall not be denied because of failure to provide proper notice. After receiving proper notice the employee or member may request and shall receive continuation coverage in accordance with this chapter within ten days of the request, notwithstanding any other time limitation provided by this chapter. Notification as provided in this section supersedes section ~~515.80~~ 515.125 as that section relates to accident and health insurance.

Sec. 56. Section 510.21, unnumbered paragraph 2, Code 2007, is amended to read as follows:

An application for registration shall be accompanied by a filing fee of one hundred dollars. After notice and hearing, the commissioner may impose any or all of the sanctions set out in section 507B.7, upon finding that either the third-party administrator violated any of the requirements of section ~~515.134~~ 515.145 and sections 510.1A through 510.20 and this section, or the third-party administrator is not competent, trustworthy, financially responsible, or of good personal and business reputation.

Sec. 57. Section 511.4, Code 2007, is amended to read as follows:

511.4 ADVERTISEMENTS — WHO DEEMED AGENT.

The provisions of section ~~515.125~~ 515.105 shall apply to life insurance companies and associations.

Sec. 58. Section 515.80, subsection 1, Code 2007, is amended to read as follows:

1. A policy or contract of insurance, unless otherwise provided in section ~~515.81A or 515.81B~~ 515.127 or 515.128, provided for in this chapter shall not be forfeited, suspended, or canceled except by notice to the insured as provided in this chapter. A notice of cancellation is not effective unless mailed or delivered by the insurer to the named insured at least thirty days before the effective date of cancellation, or, where cancellation is for nonpayment of a premium, assessment, or installment provided for in the policy, or in a note or contract for the payment thereof, at least ten days prior to the date of cancellation. The notice may be made in person, or by sending by mail a letter addressed to the insured at the insured’s address as given in or upon the policy, anything in the policy, application, or a separate agreement to the contrary notwithstanding.

Sec. 59. Section 515.81, Code 2007, is amended to read as follows:

515.81 CANCELLATION OF POLICY — NOTICE TO INSURED OR MORTGAGEE.

Unless otherwise provided in section ~~515.81A or 515.81B~~ 515.127 or 515.128, at any time af-

ter the maturity of a premium, assessment, or installment provided for in the policy, or a note or contract for the payment thereof, or after the suspension, forfeiture, or cancellation of a policy or contract of insurance, the insured may pay to the company the customary short rates and costs of action, if one has been commenced or judgment rendered thereon, and may, if the insured so elects, have the policy and all contracts or obligations connected with the policy, whether in judgment or otherwise, canceled, and all such policy and contracts shall be void; and in case of suspension, forfeiture, or cancellation of a policy or contract of insurance, the insured is not liable for a greater amount than the short rates earned at the date of the suspension, forfeiture, or cancellation and the costs of action provided for in this section. If the policy is canceled by the insurance company, the insurer may retain only the pro rata premium, and if the initial cash premium, or any part of the premium, has not been paid, the policy may be canceled by the insurance company by giving notice to the insured as provided in section 515.80 ~~515.125~~ and ten days' notice to the mortgagee, or other person to whom the policy is made payable, if any, without tendering any part of the premium, anything to the contrary in the policy notwithstanding.

Sec. 60. Section 515.81C, subsections 3 and 7, Code 2007, are amended to read as follows:

3. An umbrella or excess insurance policy which has been renewed or which has been in effect for sixty or more days shall not be canceled by the insurer, except as provided in section 515.81A ~~515.127~~, subsections 2 and 3, except by notice to the insured as required by this section or unless at least one of the following conditions occurs:

a. A material change in the limits, scope of coverage, or exclusions in one or more of the underlying policies.

b. Cancellation or nonrenewal of one or more of the underlying policies where the policies are not replaced without lapse.

c. A reduction in the financial rating or grade of one or more of the insurers insuring one or more of the underlying policies based on an evaluation by a recognized financial rating organization.

7. ~~Section 515.81A and 515.81B Sections 515.127 and 515.128~~ are not applicable to umbrella or excess insurance policies except as provided in subsection 3.

Sec. 61. Section 515.82, Code 2007, is amended to read as follows:

515.82 SHORT RATES.

The commissioner of insurance shall prepare and promulgate tables of the short rates provided for in sections 515.80 and 515.81 ~~514.125¹ and 515.126~~, for the various kinds and classes of insurance governed by the provisions of this chapter, which, when promulgated, shall be for the guidance of all companies covered in this chapter and shall be the rate to be given in any notice therein required. No company shall discriminate unfairly between like assureds in the rate or rates so provided.

Sec. 62. Section 515.95, Code 2007, is amended to read as follows:

515.95 FAILURE TO ATTACH — EFFECT.

The omission so to do shall not render the policy invalid, but if any company or association neglects to comply with the requirements of section 515.94 ~~515.133~~ it shall forever be precluded from pleading, alleging, or proving any such application or representations, or any part thereof, or falsity thereof, or any parts thereof, in any action upon such policy, and the plaintiff in any such action shall not be required, in order to recover against such company or association, either to plead or prove such application or representation, but may do so at the plaintiff's option.

Sec. 63. Section 515.98, Code 2007, is amended to read as follows:

515.98 PRIMA FACIE RIGHT OF RECOVERY.

In an action on such policy it shall only be necessary for the ~~assured~~ insured to prove the loss of the building insured, and that the ~~assured~~ insured has given the company or association no-

¹ See chapter 215, §256 herein

tice in writing of such loss, accompanied by an affidavit stating the facts as to how the loss occurred, so far as they are within the ~~assured's~~ insured's knowledge, and the extent of the loss.

Sec. 64. Section 515.101, Code 2007, is amended to read as follows:

515.101 INVALIDATING STIPULATIONS — AVOIDANCE CONDITIONS AND STIPULATIONS INVALIDATING POLICY — AVOIDANCE — PLEADINGS — APPLICABILITY.

1. Any condition or stipulation in an application, policy, or contract of insurance, making the policy void before the loss occurs, shall not prevent recovery thereon on the policy by the insured, if it shall be shown by the plaintiff shows that the failure to observe such provision or the violation thereof did not contribute to the loss.

2. Any such condition or stipulation in an application, policy, or contract of insurance that refers to any of the following shall not be changed or affected by the provisions of subsection 1:

- a. Any other insurance, valid or invalid.
- b. Vacancy of the insured premises.
- c. The title or ownership of the property insured.
- d. Liens or encumbrances on the property insured created by the voluntary act of the insured and within the insured's control.
- e. Suspension or forfeiture of the policy during default or failure to pay any written obligation given to the insurance company for the premium.
- f. The assignment or transfer of such policy of insurance before the loss occurs without the consent of the insurance company.
- g. The removal of the property insured.
- h. A change in the occupancy or use of the property insured, if such change or use makes the risk more hazardous.
- i. The fraud of the insured in the procurement of the contract of insurance.

3. Subsections 1 and 2 shall not be construed to change limitations or restrictions related to the pleading or proving of any defense by any insurance company to which the company is subject by law.

4. The provisions of subsections 1, 2, and 3 apply to all contracts of insurance on real and personal property.

Sec. 65. NEW SECTION. 515.101A FORMS OF POLICIES AND ENDORSEMENTS — APPROVAL.

1. The form of all policies, and of applications, and of agreements or endorsements modifying the provisions of policies, and of all permits and riders used generally throughout the state, that are issued or proposed to be issued by any insurance company doing business in this state under the provisions of this chapter, shall first be examined and approved by the commissioner of insurance.

2. The commissioner, upon a determination that the examination required under subsection 1 is unnecessary to achieve the purpose of this section, may exempt either of the following:

- a. Any specified person by order, or any class of persons by rule.
- b. Any specified risk by order, or any line or kind of insurance, or subdivision of insurance, or any class of risk or combination of classes of risks by rule.

3. Forms of policies issued or proposed to be issued shall provide for the cancellation of the policy at the request of the insured upon equitable terms, and the return to the insured of any premium paid in excess of the customary short rates for the insurance up to the time of cancellation, or the release of the insured from any liability beyond such short rates, or for losses after the cancellation of the policy if the insurance is issued or proposed to be issued by a mutual company.

Sec. 66. Section 515.108, Code 2007, is amended to read as follows:

515.108 MORE FAVORABLE CONDITIONS.

Nothing contained in section ~~515.138~~ 515.109 shall be so construed as to prohibit any insur-

ance company not required by the statutes of Iowa to issue a standard form of policy, from embodying, with the approval of the commissioner of insurance, in any insurance contract issued by it, provisions or conditions which are more favorable to the insured than those authorized in said statutes.

Sec. 67. NEW SECTION. 515.114 POLICY — FORMAL EXECUTION.

1. Every fire insurance company and association authorized to transact business in this state shall conduct its business in the name under which it is incorporated, and the policies issued by it shall be headed or entitled only by such name. There shall not appear on the face of the policy or on its filing back, anything that would indicate that it is the obligation of any other than the company responsible for the payment of losses under the policy, though it is permissible to stamp or print on the bottom of the filing back, the name or names of the department or general agency issuing the same, and the group of companies with which the company is financially affiliated.

2. Nothing contained in subsection 1 shall be construed to prevent any representative of an insurance company from advertising the representative's own individual business without specific mention of the name of the company or companies which the person may represent.

Sec. 68. NEW SECTION. 515.122 BANNED COMPANIES — INFORMATION REQUIRED.

1. An insurance producer shall not knowingly place insurance, either directly or through an intermediary broker, in insurers who are insolvent or unsound financially; and shall not place or renew insurance with nonadmitted insurers found by the commissioner of insurance to have failed or refused to furnish, in the manner provided in subsection 2, information reasonably showing the ability or willingness of the insurers to satisfy obligations undertaken with respect to insurance issued by them.

2. The information required of nonadmitted insurers under subsection 1 may consist of a copy of such insurer's current annual statement, duly verified, or evidence of any trust funds or deposits maintained by such insurers for the protection of their policyholders, or both, or other material of such general description and relevancy, as the commissioner may require. Such information shall be furnished at the sole cost and expense of the unauthorized insurers either to the commissioner directly, or furnished to the national association of insurance commissioners for the use of its members and their staffs, including the commissioner of insurance of this state and the commissioner's staff, or for dissemination to the commissioner by the central nonadmitted insurers information bureau of the national association of insurance commissioners or by any other agency or instrumentality of that association designed to receive and disseminate such information. The provisions of this section and section 515.120 shall not apply to insurance of vessels, craft or hulls, cargoes, marine builder's risk, marine protection and indemnity, or other risk including strikes and war risks commonly insured under ocean or wet marine forms of policy.

Sec. 69. Section 515.133, Code 2007, is amended to read as follows:

515.133 EXAMINATION OF OFFICERS AND EMPLOYEES.

1. The commissioner of insurance is authorized to issue a subpoena for examination under oath, any officer, agent, or employee of any company suspected of violating any of the provisions of section ~~515.131~~ 515.140.

2. Upon the filing of a written, verified complaint with the commissioner by two or more residents of this state alleging that a company has violated section ~~515.131~~ 515.140, the commissioner shall issue a subpoena for examination under oath to any officer, agent, or employee of the company.

Sec. 70. Section 515.134, Code 2007, is amended to read as follows:

515.134 REVOCATION OF AUTHORITY.

If upon examination, and that of any other witness produced and examined, the commis-

sioner determines that a company has violated section ~~515.131~~ 515.140, or if any officer, agent, or employee fails to appear or submit to examination after receiving a subpoena, the commissioner shall promptly issue an order revoking the authority of the company to transact business within this state, and the company shall not be permitted to do the business of insurance in this state for one year.

Sec. 71. Section 515.135, Code 2007, is amended to read as follows:
515.135 JUDICIAL REVIEW.

Judicial review of the actions of the commissioner of insurance may be sought in accordance with the terms of the Iowa administrative procedure Act, chapter 17A, upon filing with the clerk of court a good and sufficient bond for the payment of all costs adjudged against the petitioner. Notwithstanding the terms of ~~said Act chapter 17A~~, petitions for judicial review may be filed in the district court of the county where the decision of the commissioner, pursuant to section ~~515.134~~ 515.145, was made.

Sec. 72. Section 515.136, Code 2007, is amended to read as follows:
515.136 INCRIMINATION.

The statements and declarations made or testimony given by any such officer, agent, or employee in the investigation before the commissioner of insurance, or upon the hearing on the petition for judicial review, as provided in sections ~~515.133 to 515.135~~ 515.141, 515.145, and 515.152, shall not be used against the person making the same in any criminal prosecution against the person.

Sec. 73. Section 515.138, subsection 5, Code 2007, is amended to read as follows:

5. Appropriate forms of other contracts or endorsements, insuring against one or more of the perils incident to the ownership, use or occupancy of said property, other than fire and lightning, which the insurer is empowered to assume, may be used in connection with the standard policy. Such forms of other contracts or endorsements attached or printed thereon may contain provisions and stipulations inconsistent with the standard policy if applicable only to such other perils. The pages of the standard policy may be renumbered and rearranged to provide space for the listing of rates and premiums for coverages insured thereunder or under endorsements attached or printed thereon, and such other data as may be included for duplication on daily reports for office records. An insurer may issue a policy, either on an unspecified basis as to coverage or for an indivisible premium, which contains coverage against the peril of fire and substantial coverage against other perils, if such policy includes provisions with respect to the peril of fire which are the substantial equivalent of the minimum provisions of such standard policy, provided further the policy is complete as to all its terms of coverage without reference to any other document and is approved in accordance with section ~~515.109~~ 515.101A, subsections 1 and 2.

Sec. 74. Section 515.139, Code 2007, is amended to read as follows:
515.139 NUCLEAR LOSS OR DAMAGE EXCLUDED.

Insurers issuing the standard policy pursuant to section ~~515.138~~ 515.109 are authorized to affix thereto or include therein a written statement that the policy does not cover loss or damage caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether directly or indirectly resulting from an insured peril under said policy; provided, however, that nothing herein contained shall be construed to prohibit the attachment to any such policy of an endorsement or endorsements specifically assuming coverage for loss or damage caused by nuclear reaction or nuclear radiation or radioactive contamination.

Sec. 75. Section 515.140, Code 2007, is amended to read as follows:
515.140 VIOLATIONS — STATUS OF POLICY.

It shall be unlawful for any insurance company, its officers or agents, or either of them, to violate any of the provisions of section ~~515.138~~ 515.109, by issuing, delivering, or offering to issue or deliver any policy of fire insurance on property in this state other than the standard

form as provided in statute, but any policy so issued or delivered shall, nevertheless, be binding upon the company issuing or delivering the policy. The company shall, until the payment of a penalty assessed by order after hearing, be disqualified from doing any insurance business in this state.

Sec. 76. Section 515.141, Code 2007, is amended to read as follows:

515.141 EXISTING STATUTES — WAIVER.

Nothing contained in sections ~~515.138 and 515.140~~ 515.109 and 515.112, nor any provisions or conditions in the standard form of policy provided for in section ~~515.138~~ 515.109, shall be deemed to repeal or in any way modify any existing statutes or to prevent any insurance company issuing such policy, from waiving any of the provisions or conditions contained therein, if the waiver of such provisions or conditions shall be in the interest of the insured.

Sec. 77. Section 515.147A, Code 2007, is amended to read as follows:

515.147A ADMINISTRATIVE PENALTY.

1. An excess and surplus lines insurance agent that fails to timely file the report required in section ~~515.147~~ 515.120 is in violation of this section and shall pay an administrative penalty of five hundred dollars to the treasurer of state for deposit in the general fund of the state as provided in section 505.7.

2. The commissioner shall refuse to renew the license of an agent that fails to comply with the provisions of section ~~515.147~~ 515.120 and this section and the agent's right to transact new business in this state shall immediately cease until the agent has so complied.

3. The commissioner may give notice to an agent that the agent has not timely filed the report required under section ~~515.147~~ 515.120 and is in violation of this section. If the agent fails to file the required report within ten days of the date of the notice, the agent shall pay an additional administrative penalty of one hundred dollars for each day that the failure continues to the treasurer of state for deposit in the general fund of the state as provided in section 505.7.

Sec. 78. Section 515A.19, Code 2007, is amended to read as follows:

515A.19 LAWS AFFECTED.

Compliance with this chapter shall not be deemed to be a violation of section ~~515.131~~ 515.140.

Sec. 79. Section 515D.5, subsection 1, unnumbered paragraph 1, Code 2007, is amended to read as follows:

Notwithstanding the provisions of sections ~~515.80 through 515.81A~~ 515.125 through 515.127, a notice of cancellation of a policy shall not be effective unless mailed or delivered by the insurer to the named insured at least thirty days prior to the effective date of cancellation, or, where the cancellation is for nonpayment of premium notwithstanding the provisions of sections ~~515.80 and 515.81A~~ 515.125 and 515.127 at least ten days prior to the date of cancellation. A post office department certificate of mailing to the named insured at the address shown in the policy shall be proof of receipt of such mailing. Unless the reason accompanies the notice of cancellation, the notice shall state that, upon written request of the named insured, mailed or delivered to the insurer not less than fifteen days prior to the date of cancellation, the insurer will state the reason for cancellation, together with notification of the right to a hearing before the commissioner within fifteen days as provided in this chapter.

Sec. 80. Section 515D.7, subsection 1, Code 2007, is amended to read as follows:

1. Notwithstanding the provisions of sections ~~515.80 through 515.81B~~ 515.125 through 515.128, an insurer shall not fail to renew a policy except by notice to the insured as provided in this chapter. A notice of intention not to renew shall not be effective unless mailed or delivered by the insurer to the named insured at least thirty days prior to the expiration date of the policy. A post office department certificate of mailing to the named insured at the address shown in the policy shall be proof of receipt of such mailing. Unless the reason accompanies the notice of intent not to renew, the notice shall state that, upon written request of the named

insured, mailed or delivered to the insurer not less than thirty days prior to the expiration date of the policy, the insurer will state the reason for nonrenewal.

Sec. 81. Section 515E.9, Code 2007, is amended to read as follows:

515E.9 PURCHASING GROUP RESTRICTIONS.

A purchasing group shall not purchase insurance from an insurer not admitted in this state unless the purchase is effected through a duly licensed agent or broker acting pursuant to sections ~~515.147 through 515.149~~ 515.120 through 515.122.

Sec. 82. Section 522B.6, subsection 2, paragraph g, Code 2007, is amended to read as follows:

g. Excess and surplus lines insurance provided by certain nonadmitted insurers pursuant to section ~~515.147~~ 515.120.

Sec. 83. Section 522B.12, subsection 4, Code 2007, is amended to read as follows:

4. An insurer or insurance producer may pay or assign a commission, service fee, brokerage, or other valuable consideration to an insurance agency or to a person who does not sell, solicit, or negotiate insurance in this state, unless the payment would violate chapter 507B ~~or section 515.130~~.

DIVISION III REPEALS

Sec. 84. Sections 515.50, 515.67, 515.79, 515.91, 515.92, 515.93, 515.102, 515.105, 515.106, 515.109, 515.110, 515.130, 515.142, 515.146, 515.148, and 515.149, Code 2007, are repealed.

DIVISION IV CODE EDITOR DIRECTIVE

Sec. 85. CODE EDITOR DIRECTIVE.

1. The Code editor is directed to correct internal references in the Code or in Acts pending codification as necessary due to the enactment of this Act.

2. The Code editor may add the following subheadings within chapter 515:

a. A subheading between Code sections 515.99 and 515.100 that states: "POLICY PROVISIONS AND RATES".

b. A subheading between Code sections 515.119 and 515.120 that states: "SURPLUS LINES INSURANCE".

c. A subheading between Code sections 515.124 and 515.125 that states: "DUTIES OF INSURERS".

d. A subheading between Code sections 515.139 and 515.140 that states: "VIOLATIONS, INVESTIGATIONS, FEES, AND PENALTIES".

Approved May 11, 2007

CHAPTER 153**REAL ESTATE BROKERS OR SALESPERSONS —
PROHIBITED PRACTICES***S.F. 530*

AN ACT relating to prohibited business practices by a real estate broker or salesperson.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 543B.60A, Code 2007, is amended by adding the following new subsection:

NEW SUBSECTION. 8. An Iowa licensee is prohibited from participating in any marketing plan or arrangement prohibited by this section with a person who is licensed or otherwise authorized to engage in the real estate business in another state or foreign country. This subsection shall not be interpreted to impact or alter a referral fee structure which otherwise complies with the requirements of this section.

Sec. 2. Section 543B.60A, Code 2007, is amended by adding the following new subsection:

NEW SUBSECTION. 9. A licensee or person licensed in another state or foreign country who conducts business in this state or refers business to a licensee in this state shall disclose in writing to the consumer and to the licensee to whom they are referring business, the name of the consumer being referred, the name of the referring company, and the amount of compensation they are receiving for the referral. This subsection shall not affect or restrict business practices relating to payment methods between listing and selling brokerages, and shall be applicable strictly to properties containing at least one but not more than four dwelling units.

Approved May 11, 2007

CHAPTER 154**HOSPITAL LIENS***S.F. 546*

AN ACT relating to a hospital lien.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. **NEW SECTION.** 582.0A DEFINITIONS.

1. "Health plan" means an individual or group plan that provides, or pays the costs of, medical care as that term is defined in the federal Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191 and regulations promulgated thereunder.

2. "Hospital" means a public or private institution licensed pursuant to chapter 135B.

3. "Provider agreement" means a contract, understanding, or arrangement made by an association, corporation, county, municipal corporation, or other institution maintaining a hospital in the state, with any health plan or other entity for the provision or payment of health care services.